

TAX TIME

Newsletter 2018/2019



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A MESSAGE FROM THE TEAM

Our Annual Tax Time newsletter is to help you get organised to complete your 2018/19 Tax return.

Our handy tax return checklist will help you compile all the relevant information for your tax meeting with us.

The team at Gibb Accountants would like to thank you for your continued business, and we look forward to seeing you over the tax season.

Please note, the information in this newsletter is of a general nature only and does not take into consideration your personal objectives, financial situation or needs. Before acting on this information we recommend you seek our professional advice.





Income Statements

If an employer reports through Single Touch Payroll they are not required to provide a payment summary to their employees.

Income statements will replace payment summaries. Employees can access their income statements through ATO online services via myGov, at any time. Employees will receive a notification from the ATO in their myGov inbox when their income statement is 'Tax ready', so they can complete their tax return.

Gibb Accountants will also have access to your Income Statement/s in order to prepare your 2019 Tax Return.



Including All Your Income Is Important

When we complete your tax return on your behalf you need to declare all your income to the ATO. For many this is simply a matter of entering the income listed on your payment summary or income statement. But what if you have multiple streams of income?

If you wait until August to lodge, information provided to the ATO by your employers, banks, government agencies and other third parties is pre-filled into your tax return. However, it is still your responsibility to ensure all income is included.

Below are some of the forms of income that people commonly forget to declare.

- Foreign income
- Second job
- Employee share scheme
- Interest
- Capital gains

Keen to lodge your tax return? Only some of your income data will be available to us before August, so be sure to double-check you're declaring everything you earned in 2018–19. This can include income from multiple jobs, rental properties, shares, distributions from managed funds, foreign sources, government payments, and more. Find out more at:
www.ato.gov.au/Incomemustdeclare



Private Health Insurance Statements

From 1 July 2019, health insurers are no longer required to send private health insurance statements. Previously, they were required to send statements by 15 July each year, it is now optional to send this information.

Gibb Accountants will also have access to your Private health insurance information via the ATO, usually by mid-August. If it is not populated by then, taxpayers may need to request a statement from their health insurer.

myDeductions App

The records you keep don't have to be in paper form. Records made and stored electronically are recognised as documents – this includes photos of your receipts.

Keeping track of your records on the go is easy with the ATO app myDeductions tool.

In myDeductions you can keep records of:

- any work-related expenses (including car trips)
- interest and dividend deductions
- gifts or donations
- cost of managing tax affairs
- other deductions.

Then, at tax time, you can import the records into myTax or send them to us as your registered tax agent.

Download the app now – it's free from your app store.



11 Deductions You Probably Can't Claim On Your Tax Return

1. Generally, you can't claim a deduction for trips between home and work – it's considered private travel. This is true even if you do minor work-related activities between home and work (such as collecting mail), work outside normal business hours, are on-call or don't have access to public transport.
2. If you claim car expenses based on transporting bulky tools or equipment, it's not enough to simply choose to carry a few tools. In order to make a claim you need to show that you:
 - need to use your bulky tools to do your job
 - your employer requires you to transport this equipment
 - there is no secure area to store the equipment at work.
3. You can't claim a deduction for car expenses that have been salary sacrificed.
4. You can't claim meal expenses for travel unless you are required to work away from home overnight.
5. You can't claim a deduction for private travel. If a trip was for work and personal reasons (for example, if you added a few days onto a business trip for sightseeing) you can only claim the work-related portion.
6. You can't claim a deduction for every day clothes you bought to wear to work, even if you're required by your employer to wear them (for example, a suit, black pants or clothes sold in your workplace).
7. Prescription Glasses (Unless Protective) – Even when you require them to look at a computer screen for work.
8. You can't claim a deduction for higher education contributions charged through the HELP scheme.
9. You can't claim a deduction for self-education expenses if the course or study doesn't have a direct connection to your current (not future or desired) employment.
10. You can't claim a deduction for the private use portion of phone or internet expenses– only the work-related portion can be deducted.
11. You can't claim an up-front deduction for tools and equipment (for example, a laptop or safety equipment) that cost more than \$300. You can, however, spread your deduction claim over a number of years (depreciation).



Expanding Accelerated Depreciation For Small Businesses

Small businesses can claim an immediate deduction for most depreciating assets purchased after 12 May 2015 and first used or installed ready for use for a business purpose, as follows:

- From 7.30pm (AEDT) on 2 April 2019 until 30 June 2020, if they cost less than \$30,000 each
- From 29 January 2019 and before 7.30pm (AEDT) 2 April 2019, if they cost less than \$25,000 each
- Before 29 January 2019, if they cost less than \$20,000 each.

The balance of the general small business pool is also immediately deductible if the balance is less than \$30,000 at the end of an income year that ends on or after 2 April 2019 and on or before 30 June 2020 (including an existing general small business pool).

The 'lock out' laws have also been suspended for the simplified depreciation rules until the end of 30 June 2020. The lock-out laws prevent small businesses from re-entering the simplified depreciation regime for five years if they have opted out.

The instant asset write-off threshold now includes businesses with a turnover from \$10 million to less than \$50 million. These businesses can claim a deduction for the business portion of each asset that costs less than \$30,000 if they are purchased and first used or installed ready for use from 7.30pm (AEDT) on 2 April 2019.



Under The Bonnet

If you use your own car for work purposes, you can claim a deduction using the cents per kilometre method or logbook method.

You can claim a deduction for car expenses if:

- you use your car in the course of performing your work duties
 - you attend work-related conferences or meetings away from your normal workplace
 - you travel directly between two separate places of employment and one of the places is not your home
 - you travel from your normal workplace to an alternative workplace and back to your normal workplace
 - you travel from your home to an alternative workplace and then to your normal workplace
 - you perform itinerant work.
- a utility truck or panel van
- nine passengers or more, such as a minivan.

Keep receipts for your actual expenses. You cannot use the cents per kilometre method for these vehicles. While it is not a requirement to keep a log book, it is the easiest way to show how you have calculated your work-related use of the vehicle.



You can't claim a deduction for normal daily journeys between home and work except in limited circumstances where you carry bulky tools or equipment that:

- Your employer requires you to use for work
- You cannot leave at work.

If travel is partly private, you can only claim the work-related portion.

You can't claim a deduction for car expenses that have been salary sacrificed.

You can't claim a deduction if you have been reimbursed for it.

You can calculate your car expenses in two ways.

1/ CENTS PER KILOMETRE METHOD

- You can claim a maximum of 5,000 business kilometres per car, using this method.
- Your claim is based on 68 cents per kilometre.
- You don't need written evidence but you need to be able to show how you worked out your business kilometres (for example, by producing diary records of work-related trips).
- Your claim is based on the business-use percentage of expenses for the car.

2/ LOGBOOK METHOD

- Expenses include running costs and decline in value. You can't claim capital costs, such as the purchase price of your car, the principal on any money borrowed to buy it and any improvement costs (for example, adding paint protection and tinted windows).
- To work out your business-use percentage, you need a logbook and the odometer readings for the logbook period. The logbook period is a minimum continuous period of 12 weeks.
- You can claim fuel and oil costs based on your actual receipts or you can estimate the expenses based on odometer records that show readings from the start and the end of the period you used the car during the year.
- You need written evidence for all other expenses for the car.
- Your vehicle is not considered a car if it is a motorcycle or a vehicle with a carrying capacity of:
 - a) one tonne or more, such as a utility truck or panel van
 - b) nine passengers or more, such as a minivan.

Keep receipts for your actual expenses. You cannot use the cents per kilometre method for these vehicles. While it is not a requirement to keep a log book, it is the easiest way to show how you have calculated your work-related use of the vehicle.

Phone And Internet Expenses

If you use your phone or internet for work, you can claim a deduction for the work-related percentage of your expenses if you paid for these costs and have records to support your claims.

You need to keep records for a four-week representative period in each income year to claim a deduction of more than \$50. These records include phone bills (paper or electronic) from which you can identify work-related calls. Diary entries and evidence that your employer expects you to work at home or make some work-related calls will also help you demonstrate that you are entitled to a deduction.



Rental Property Expenses

There are two broad categories of claimable rental property expenses:

1. Those you can claim in full in the same income year that you incurred them, such as repairs, council rates, insurance premiums and loan interest;
2. Those that you need to deduct over a number of years, such as the cost of building improvements and the depreciation of assets.

If your property is negatively geared you may be able to deduct the full amount of rental expenses against your rental and other income, such as salary and wages and business income

Expenses for which you may be entitled to claim an immediate deduction (same income year) include:

- advertising for tenants
- body corporate fees and charges
- council rates
- water charges
- land tax
- cleaning
- gardening and lawn mowing
- pest control
- insurance (building, contents, public liability)
- interest expenses
- property agent's fees and commission
- repairs and maintenance
- some legal expenses
- travel undertaken to inspect the property, to collect the rent or for maintenance



Individual Income Tax Rates

2018/19

0 - \$18,200	Nil
\$18,201 - \$37,000	19c for each \$1 over \$18,2000
\$37,701 - \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 - \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

*All Rates shown exclude the 2% Medicare Levy

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2019/20

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Proposed Changes To Low And Middle Income Tax Offset

In the 2019–20 Federal Budget, the Government announced its intention to change and build on the Personal Income Tax Plan. These changes are not yet law.

Should proposed changes to increase the new low and middle income tax offset from a maximum amount of \$530 to \$1,080 per annum and increase the base amount from \$200 to \$255 per annum become law after we process your 2018–19 tax return, the ATO will automatically amend their assessment to add any additional credits. We will not need to request amendments.



STATEWIDE WEALTH GROUP

ACCOUNTANTS - FINANCIAL PLANNING - LENDING

Gibb Accountants also offers a range of other services outside of Tax & Accounting to assist you with your financial affairs. We have partnered with Statewide Wealth Group to provide you with an holistic financial service that includes :



Financial Planning

- Retirement Planning
- Personal Insurances
- Investment Strategies
- Superannuation & SMSF
- Aged Care Strategies

Mortgage & Finance

- First Home Buyers
- Debt Consolidation
- Refinancing
- Mortgage Review
- SMSF Borrowing

Accounting & Tax

- Tax Returns
- Rental Properties
- Business Advisory
- SMSF Accounting & Audit
- Trust/Company Setup

Professional Partners

- General Insurance
- Will & Estate Planning
- Business Insurances
- Public Liability Cover
- Automotive Insurance

Individual Tax Return Checklist

To avoid unnecessary delays in completing your tax return, please use the following list to ensure you have all relevant information before booking your tax appointment.

- Bank account details for refund.
- Private health insurance statement.
- Spouse details including details of income.

Income statements

- PAYG payment summaries.
- Final Year to Date Payslip.
- Centrelink income/Parental leave – Taxable or Non taxable.
- Interest received from banks, financial institutions etc.
- Employee Share Scheme statement.
- Share Dividend statements.
- Managed Funds taxation statement.
- Eligible Termination Payment or Superannuation Lump sum Payment Summary.
- Trust distribution statements.
- Sale of shares – Contract notes (buy & sell).
- Foreign Income.

Deductions

- Work related expenses – receipts or other evidence.
- Motor vehicle log book and receipts for running costs or klms travelled for work based on a reasonable estimate.
- Ute Expenses – Fuel, Registration, Insurance
- Repairs.
- Self-education expenses – course fees, books, computer costs, travel expenses.
- Donations.
- Income Protection Insurance policy.

Rental Properties

- Real estate agent's annual statement of income & expenses
- Expense receipts including rates, water, insurance, repairs, body corporate fees, gardening/lawn mowing, pest control, advertising and travel expenses.
- Loan bank statements.
- Contract, loan documents, and solicitor's documents if a new purchase or contract and solicitor's documents if property sold.
- Quantity surveyor's report (Tax Depreciation Report) – contact Gibb Accountants for further details.

Other

- Spouse Contributions to Superannuation.
- Personal Super Contributions.
- Amount of Child Support paid.
- Copy of last year's tax return and tax agent invoice (if not prepared by Gibb Accountants)



Please contact our office on 3816 2777 to schedule an appointment.
Extended hours are on offer during tax season, please enquire with us.